



TAXATION IN THE PEOPLE'S REPUBLIC OF CHINA

QUESTIONS & ANSWERS



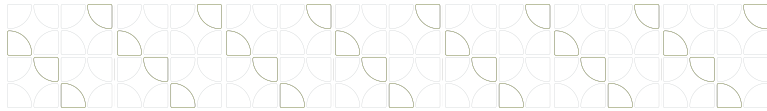
**BENTO
MUNIZ**
ADVOCACIA





Sumário

Individual taxation	_____	2
Corporate taxation	_____	3
Final considerations	_____	4
Contacts	_____	4



1. INDIVIDUAL TAXATION

Q1. Should I change my tax residency to China? Can I maintain dual residency? When can I be considered a tax resident in China?

Yes, you should consider changing your tax residency to China if you plan to live and work there. Dual residency is not recommended due to potential double taxation issues. China has Double Taxation Agreements (DTAs) with many countries including Brazil to resolve these conflicts. (see [Brazil-China Double Taxation Agreement](#))

In China, you are considered a tax resident if you spend 183 days or more in the country within a calendar year. If you have lived in China for more than five consecutive years, you may be liable for taxes on your worldwide income.

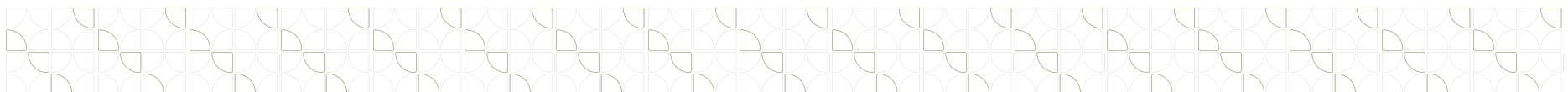
Q2. Is it possible to avoid double taxation between China and my home country?

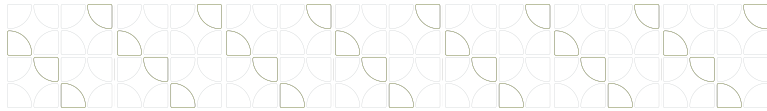
Yes, China has DTAs with numerous countries, including major economies, to avoid double taxation. These agreements outline which country has the right to tax specific types of income.

For example, capital gains on the sale of property may be taxed in China, with potential relief or credits provided under the DTA to prevent double taxation in your home country.

Q3. Are there tax benefits for individuals in China?

China offers various tax incentives for individuals, especially for expatriates. These may include exemptions or deductions for taxes, education subsidies, and other benefits.





2. CORPORATE TAXATION

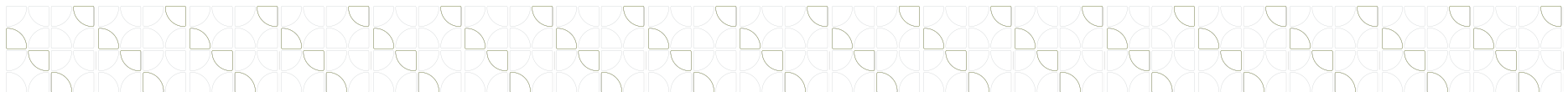
Q4. What are the general corporate income tax rates for companies in China?

In mainland China, the standard Corporate Income Tax (CIT) rate is 25%. However, certain high-tech enterprises may qualify for a reduced rate of 15%.

In special economic zones, such as the Hong Kong Special Administrative Region and Macau Special Administrative Region, corporate tax rates can differ and are typically lower to attract foreign investment.

Q5. Does China offer a favorable environment for entrepreneurs? What are examples of local tax benefits?

China provides various tax incentives to encourage investment, particularly in technology and innovation sectors, yet it's more recommended for businesses and entrepreneurs to nest in Hong Kong or Macau due to more competitive tax regimes, more transparent governance & regulations and better rule of law. It's worth noting that Macau is a Special Administrative Region under "one country, two systems" where Portuguese is a co-official language and legislation is done bilingually.





3. FINAL CONSIDERATIONS

China attracts global capital flow by its mega size economy and market. Notwithstanding, lack of transparency and openness, legal system flaws, geo-political risks and emerging economic stagnation pose considerable challenges. It's crucial to stay informed of its policy updates and seek professional advice to ensure compliance and manage risks.

Bento Muniz works with first-tier Chinese law firms to guide you through the intricacies of the Chinese system and market. Whether you're planning to relocate, invest, or expand your business in China, we're here to help you every step of the way.

4. CONTACTS

If you have any questions or need personalized advice, please reach out to us:

www.bentomuniz.com.br





TAXATION IN THE PEOPLE'S REPUBLIC OF CHINA

Call Center



+55 61 3039-8005



+55 61 99829-7303



contato@bentomuniz.com.br

